GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2545
ANSWERED ON:05.12.2000
PRODUCTION DEMAND OF COAL
RAMCHANDRA BAINDA;SUBODH MOHITE

Will the Minister of COAL be pleased to state:

(a) whether the shortfall in coal production and its demand has been registered during the last two years;

(b) if so, the reasons therefor alongwith the production and demand thereof;

(c) the steps taken or proposed to be taken by the Government to find out alternate means of coal and import;

(d) whether the Government have formulated any strategy for the revival of loss making coal companies;

(e) if so, the details thereof; and

(f) the funds allocated for this purpose during the said period?

Answer

THE MINISTER OF STATE FOR COAL

(N.T.SHANMUGAM)

(a)&(c) Demand of coal is assessed by Planning Commission in consultation with Ministries of Power, Steel, Coal and Industry etc, on the basis of projected demand o f the consumers. This demand is decided before the start of the year. Very often, the actual requirement and off take of coal varies from the demand assessed by the Planning Commission.
The details of coal production and demand during the last two years are as under:

(million tonnes)

Year	Demand (Assessed by Planning Commission)	Production
1998-99	325.38	292.27
1999-2000	311.83	299.97

In 1998-99, coal companies regulated their production due to sluggish demand and low off take by consumers.
Consumers are importing coal, particularly coking coal and superior quality non-coking coal on account of inadequate availability of such coal from indigenous sources. Import of coal is also resorted to because of the present level of customs duty and railway freight make such imports cost competitive per unit of calorific value on certain locations.

(d)to(f) Out of eight subsidiary companies of Coal India Limited(CIL),three companies namely − Bharat Coking Coal Limited(BCCL), Eastern Coalfields Limited(ECL) and Central Coalfields Limited(CCL) are making losses.
In February, 1996, a package of capital restructuring of CIL was approved by the Government whereby CIL's overdue liabilitiesof Rs. 2228.57 crores were taken care of by waiver of arrears of interest, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCLFurther, in order to improve the performance of the loss making companies of ECL and BCCL, CIL had effected an internal restructuringof the equity and loan structure of its subsidiaries whereby debts of Rs. 994 crores in ECL and RS. 1180.70 crores in BCCL were converted into equity. Despite a number of measures taken to improve the financial position of the loss making companies, these companies continue to incur losses. Therefore, CIL,the holding company engaged Industrial Credit and Investment Corporation of India Limited(ICICI) to suggestmeasures for revival of ECL and BCCL. The ICICI reporton ECLand BCCL revival hasbeen received. As regards CCL, CIL Board has engaged IDBI for suggesting revival plans.